

**STATE OF VERMONT**

**UNIFORM ACCOUNTING MANUAL**

**FOR THE**

**COUNTY SHERIFF DEPARTMENTS**

**AND**

**COUNTY BUDGET FORMS**

DEVELOPED AND ISSUED BY  
AUDITOR OF ACCOUNTS  
STATE OF VERMONT

REVISED: AUGUST, 2004

## **PREFACE**

This manual contains a uniform system of accounting designed by the Auditor of Accounts for Vermont sheriffs' departments, in accordance with legislative mandate. Title 24 VSA Section 290b (24 VSA 290b) provides that: "The Auditor of Accounts shall adopt and sheriffs shall comply with a uniform system of accounts, controls, and procedures for the sheriff's department, which accurately reflects the receipt and disbursement of all funds by the department, the sheriff, and all employees of the department."

In the development of this uniform system, consideration was given to other provisions of Section 290b:

1. That sheriffs and all fulltime deputies do quarterly submissions, by April 30, July 31, October 31 and January 31, to the finance and management commissioner and to assistant judges for filing with the county clerk, "on forms provided by the commissioner, a sworn statement of all sums in addition to full-time salaries received by each of them as compensation acquired by virtue of their offices."

2. That the uniform system include:

- (1) Requirements for written financial records and books.
- (2) Procedures for recording all financial transactions and the maintenance of such records.
- (3) Procedures for proper documentation to ensure that all disbursement transactions are properly supported, approved, and recorded.
- (4) Procedures to ensure that all receipts are properly supported and recorded.
- (5) Procedures to ensure that bank receipt and disbursement accounts are reconciled on a timely basis.
- (6) Procedures for the preparation of an annual set of financial reports that accurately reflects the financial transactions and condition of the department.
- (7) Procedures to ensure that all payments for services performed by the sheriff, deputy sheriffs, or other employees of the department rendered by virtue of their office are made to the sheriff's department.
- (8) Procedures and controls which identify revenues received from public entities through appropriations or grants from the federal, state or local governments from revenues received through contracts with private entities.
- (9) Other procedures and requirements as the Auditor of Accounts deems necessary.

In addition to these objectives related to statutory requirements, the overall goal of this accounting and financial reporting system is to provide: 1) financial information useful for making economic, political and social decisions, and demonstrating accountability and stewardship; and 2) information useful for evaluating managerial and organizational performance.

Because of the considerable disparities in the scope of activities and the personal resources of individual sheriff's departments, the following procedural objectives were also established:

1. To provide uniform account classifications that are sufficiently comprehensive and flexible to meet the requirements of all departments, regardless of the scope of their present activities, and to provide for a future expansion of activities.
2. To provide minimum accounting and reporting procedures which are consistent with the capabilities of existing department personnel.

The uniform system is essentially designed for the classification, recording, and reporting of financial transactions flowing through the sheriffs' departments and over which they exercise control. However, there are other transactions related to the operation of sheriffs' departments which will not be directly reflected in their accounting systems. Generally, these latter transactions represent department expenses paid directly by the various counties (secretarial assistance, bonds, office space, office equipment and supplies, telephone, etc.) and by the State of Vermont (sheriffs' and certain full-time deputy sheriffs' salaries, postage, etc.). Therefore, users of the financial reports generated by this uniform accounting system must be cautioned that they will not reflect the actual total cost of operations of any sheriff's department.

Financial reports shall be prepared in accordance with the standards in this system. It may be necessary for the sheriffs' departments to seek assistance from professional accountants to assist in the implementation of the system and to prepare the required year-end adjustments and reports.

The cooperation and assistance of county sheriffs contacted for periodic manual revisions is greatly appreciated.

Auditor of Accounts  
August 2004

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UNIFORM ACCOUNTING MANUAL  
FOR THE  
COUNTY SHERIFF  
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SECTION I  
BASIC REQUIREMENTS AND PROCEDURES

1. Background:

Sheriffs' Departments are governmental entities operating under Vermont Statutes Annotated sections. Some funding is provided through direct salary and expense payments by the State of Vermont and by each County through its general budget. This funding may vary from County to County. The balance of operations is funded through a variety of fees, some of which are set by statute and others by the County Sheriff. The fees are intended to provide resources to cover all costs of the Sheriffs Department, except the costs paid directly by the State and the County noted above, including recovery of the cost of property and equipment used in the performance of these services.

Based on these facts, the Sheriffs' Departments should be accounted for as Enterprise Funds, a Proprietary Fund Type which is defined by the Governmental Accounting Standards Board as a fund to account for operations (a) that are financed and operated in a manner similar to private business enterprises -- where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, and (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The 'basis' for accounting is a device for matching revenues and expenditures during a designated period of time and refers specifically to the time when revenue and expenditures are recorded as such in the accounting records. In both commercial and governmental accounting, there are several bases of accounting varying from a simple cash basis at one extreme to a full accrual basis at the other extreme. Under the cash basis of accounting, revenues are not recorded in the accounts until they are actually received in cash, and expenditures are not recognized until each payment is made. Under the full accrual basis, revenues are recorded in the accounts at the time they are earned and expenditures are recorded when the liability for them is incurred. The accrual basis provides a superior method of accounting for the inflow and outgo of economic resources in any organization, because it relates costs and expenditures to the time period in which benefits of the outlays are received and because it provides a more accurate matching of these benefits with any associated revenue. Under the cash basis, an accurate comparison of expenditures in relation to services rendered is not possible, because the services may be rendered in one fiscal period and the disbursements for such service may be made in the following fiscal period. The cash basis does provide some valuable information for management and to meet legal requirements.

The Sheriffs' Departments, as enterprise fund types, should report operations using the accrual basis of accounting, including accounting for periodic depreciation of fixed assets. Certain legal provisions mandate annual reporting to the State of cash receipts and disbursements information, and others require recording of all financial transactions, including those which may not yet have been settled by a cash payment, as well as preparation of annual financial reports reflecting the condition of the department

(including accounts receivable and accounts payable and other transactions not yet settled by a transfer of cash or other assets). In order to satisfy these conflicting legal requirements, and to establish controls to ensure the proper recording of all revenues and expenses, this accounting system is designed to record income as received and expenses as paid (cash basis receipts and disbursements) while also making provision for recording accounts and grants receivable in the accounting records. Deferred income accounts receivable are provided for use in recording the offsetting entry to accounts receivable as bills are rendered for services performed. These entries are reversed as accounts receivable are collected.

A conversion to the accrual basis is to be performed at year-end by accumulating unpaid expenses (accounts payable, accrued expenses, etc.) and recording them by adjusting entry for financial statement purposes, as well as adjusting revenue accounts for accounts and grants receivable.

Annual financial statements to be prepared will include:

- Balance Sheet
- Statement of Revenues, Expenses and Changes in Retained Earnings
- Statement of Cash Flows - Direct Method
- Notes to Financial Statements as required by generally accepted accounting principles
- Statement of Functional Expenses
- Supplemental Schedules of Cash Receipts and Cash Disbursements

## 2. Controls Over Department Activities & Financial Transactions:

Control systems should be adopted to include internal accounting controls consisting of procedures and records that are mainly concerned with the reliability of financial records and reports and with the safeguarding of assets. Details of the systems will vary according to the size and types of services rendered by the various departments. Certain general principles may be established to guide the individual departments in establishing the procedures particular to their departments. Persons involved in the accounting activity should be adequately trained and supervised to perform their jobs. Cross-training is helpful to provide backup in the case of vacation or other absence of employees, and rotation of duties is helpful in disclosing any irregularities or errors that may have occurred. Responsibility for related operations should be separated, if possible, and persons responsible for accounting should be separate from those responsible for operations since the accounting personnel are responsible for maintaining records to control the activities of operations. By establishing this separation, the accounting records serve as an independent check on the business operations of the department. Additionally, adequate fidelity insurance provided through position bonds or employee dishonesty coverage should be obtained to ensure against losses caused by fraud on the part of employees who are entrusted with department assets.

Essential to the maintenance of a uniform system of accounts such as is contemplated by 24 VSA 290b(b) is the establishment of appropriate controls over departmental activities that result in the generation of revenue and the incurring of expenditures. All funds received and disbursed through the official activities of the sheriffs and all deputy sheriffs must also be subject to appropriate controls and substantiated by adequate documentation to insure the accuracy of the accounts. The following minimum requirements and procedures have therefore been established as necessary to the effective implementation and maintenance of this prescribed system, and must be observed:

- A. All work performed by deputy sheriffs shall be assigned through the sheriffs' offices. Deputies shall not engage in any activities by virtue of their offices without the prior knowledge, approval, and assignment of the sheriffs.

- B. Sheriffs shall exercise central control over work assigned and performed by means of one or more "logs".
- C. All deputies shall maintain and file with the sheriffs an activity log or timesheet on a daily or other periodic basis. The activity logs or timesheets will be the basis for allocation of salaries, wages and fringe benefits to the various activity expense accounts of the department. The Sheriff shall review the report and approve it in writing.
- D. 24 VSA 291a (a) authorizes Sheriffs in the name of the department to "enter into written contracts with the State of Vermont, an agency of the United States, one or more towns within or without the county, or any other non-governmental entity, to provide law enforcement or other related services..." 24 VSA 291a (d) requires contracts to be in writing if the total cost exceeds \$2,000.00, or the duration of the service exceeds 10 working days cumulatively during a calendar year. Sheriffs are required to submit to the assistant judges for filing with the county clerk a report of all written contracts categorized by the contracting party services rendered, date of contract and amount received.

24 VSA 291a (b) establishes certain criteria for contracts with Towns. Those criteria are detailed in Appendix D.

In order to comply with these requirements, it is necessary that written contracts be utilized to document all contractual services performed. A simplified memorandum of understanding or form of contract delineating the services to be provided and terms of payment will be adequate in most instances. These contracts shall be numbered as issued. The numbering system will at a minimum indicate the year of the contract by the contracts first two digits, i.e., 04-01, etc. A log of contracts in numerical order or a file of copies of the contracts in numerical order will be maintained. A subsidiary record will be maintained in alphabetical order for each entity the Sheriffs' Department contracts with. Each contract entered into will be recorded in this subsidiary record, including the date of the contract and a brief description of the services to be rendered. Amounts received under the contract will be entered in these subsidiary records at the time of receipt. These subsidiary records will form the basis for preparing the annual report that is required to be submitted to the assistant judges listing all contracts.

The 1978 edition of the Uniform Accounting Manual for the County Sheriff Departments included revenue and expense accounts for 'Special Detail Services' that were to be used for security or other services exclusive of receipts from contracted services. These accounts were not used consistently by all departments. The accounts for 'Special Detail Services' were eliminated in the 1992 revision of the manual because of the need to account for all contracts as either with governmental agencies or private entities, and to improve the comparability of reporting revenues and expenses by the various departments.

- E. Sheriffs shall prepare and mail billings for all services performed. Billing forms must be sequentially pre-numbered and the numbers accounted for. Spoiled or voided billing forms must be retained. Copies of bills rendered must be retained. Payments by clients for services rendered will not be made directly to any deputy. Clients shall be advised that all payments must be made payable to and remitted to the sheriffs' departments. A statement to this effect should be printed on each bill if practicable.
- F. Each sheriff's department shall maintain a bank checking account. The sheriff shall annually authorize all bank accounts and check signers. The number of bank checking accounts should be kept to a minimum, consistent with adequate control. Controls over funds reserved or restricted to special



purposes should be accomplished through the accounting system. Bank statements shall be reconciled monthly no later than 15 days from the statement date.

- G. Sheriffs shall be responsible for the initial collection and deposit of all fees and other compensation earned by their deputies. Department checks shall then be drawn payable to individual deputies for the amounts of all compensation due them. It is mandatory that whenever deputies perform services for which a specific statutory fee is provided, that exact amount must be paid to them. These procedures shall also apply to any fees earned by sheriffs in their official capacities. Wages earned by department employees may be paid weekly, bi-weekly or semi-monthly and must be paid not more than 6 days after the end of the payroll period (21 VSA 342).
- H. Sheriffs shall maintain earnings summaries for each individual as the basis for their certifications on the quarterly reports to be submitted to the State Finance and Management Commission.
- I. 24 VSA 291a (e) requires each Sheriff's Department to establish a written procedure for all purchase contracts, file the procedure with the assistant judges, make it available for public review and provide a copy to the Auditor of Accounts. A sample purchasing policy is enclosed in Appendix C. The minimum criteria for requiring formally advertised competitive bidding shall be for purchases exceeding \$10,000.
- J. A sheriff may enter into a contract for \$10,000 or less without a formal competitive solicitation process. At the time of its execution, the sheriff must place in the official contract file a signed explanation for selecting the contractor that includes:
  - A description of the qualifications of the contractor supporting the policy that the services or products to be provided by the vendor must be of high quality;
  - A description of the prices charged by the vendor; and
  - An explanation as to why such charges are both cost effective and reasonable.
- K. Sheriffs shall be responsible for approval of expenses and disbursements. This approval process shall include written documentation that the Sheriff has authorized amounts to be paid and has approved the distribution of expense to accounts and the allocation among activities. The Sheriff may delegate this responsibility to a department employee if the delegation is in writing and made part of written duties and responsibilities of the employee.
- L. Sheriffs' departments shall adopt formal written personnel policies. The form of the written policies and the compensation arrangements and fringe benefits may vary from department to department. At a minimum, the policies will define normal work week hours, vacation leave, sick leave and compensated holidays. It is recommended that department personnel involved in accounting functions be required to take annual vacations. The policy shall state how accumulated unpaid fringe benefits (vacation, sick leave, etc.) are handled at the time of employees' termination of employment. Other written policies to comply with Federal or State requirements such as alcohol/drug abuse policies or smoke-free workplace may be adopted separately or included in the personnel policy.

It is recommended that each department prepare an organizational chart defining the activities and persons responsible for them and prepare written statements of employees' duties and responsibilities.

- M. Property, equipment and title to motor vehicles purchased with department funds shall be held in the name of the department (24 VSA 290). Sheriffs shall maintain property and equipment records to control the use and disposition of department property and equipment. These property and equipment records shall include a description of each item, the date purchased or acquired, the cost, or fair

market value if donated, and any restrictions placed on the use or disposition by the funding source. Equipment must be properly identified by numbered metal tags or other means of identification and these identifying numbers must be included in the property and equipment records. Dispositions of equipment should be noted in the records and carefully monitored to assure restrictions which may be placed on the equipment, such as the United States Office of Management and Budget Common Rule requirements which apply to federally funded property, are complied with. At least annually, a physical inventory of property and equipment should be taken and compared with the property records and so noted. Property should be safeguarded from loss due to fire, theft, misplacement or unauthorized use, and adequate insurance protection obtained.

### 3. Accounting Records:

The following minimum accounting records are to be maintained by each department. The form of the records may differ based on the type of accounting system (manual, one- write system, computer system), and the nature of the transactions in each department.

- A. General Ledger - This is the principal ledger which contains all of the asset, liability, equity, revenue and expenditure accounts. The general ledger is used to summarize transactions from various other accounting records. The balances in various accounts represent the totals of the details in other subsidiary ledgers such as accounts receivable, accounts payable, etc. Financial statements are prepared from the balances in the general ledger.
- B. Billing Journal - The billing journal is to be used to record billings for services based on the sequentially pre-numbered invoices required by this system. At a minimum, the billing journal shall reflect the billing or invoice date, the invoice number, the name of the person or the entity being billed, a brief description of the service, and the amount of the bill. The journal may provide for classification of billing amounts by category if that amount is not otherwise recorded in the cash receipts journal. The billing journal shall be summarized monthly and the summary totals posted to the general ledger.
- C. Cash Receipts Journal - A chronological record of cash received. At a minimum, the cash receipts journal shall reflect the date of the receipt, the name of the person or entity from whom funds were received, the total amount received, a brief description of the services for which the amounts are being received, a reference to the invoice number being paid and the classification by account category. The account classification may be omitted if it is satisfactorily recorded in the billing journal. The journal must be totaled monthly and the summary totals posted to the general ledger.
- D. Cash Disbursements Journal - To be used to record payments by check for any purpose. At a minimum, the cash disbursements journal shall record each check issued including the check number, the date of the check, the payee, the net check amount, and the category of expense for which the disbursement is being made. The journal will be totaled monthly and the summary totals posted to the general ledger. If an accrual system is in use, the process of classifying expenses may be handled through the journals used to record accounts payable and purchases or accrued expenses.
- E. Payroll Journal - A payroll journal is optional and may be used to record transactions for payroll disbursements and related payroll taxes.
- F. General Journal - A journal is used to record miscellaneous entries such as adjusting entries or closing entries, which are not recorded in any of the primary journals.

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- G. Accounts Receivable Subsidiary Ledger - A record of the details of the amounts owed to the departments at any particular point in time, organized by the name of the individual, company, or governmental unit to which the service was rendered resulting in the billing being performed. The purpose of this journal is to provide the basis for controlling contracts which are required to be reported annually to the County assistant judges.
- H. Purchase Order Journal - A record in which to record sequentially pre-numbered purchase orders issued to document purchasing activity.

If a computer system (electronic data processing) is used to maintain any or all of the required journals, adequate provision must be made for securing the accounting information including periodic maintenance of back-up tapes or diskettes stored off-site from the sheriff's department, and printouts reflecting detailed transactions.

4. Reporting:

24 VSA 290b(d) provides that; "...Annually each sheriff shall furnish the Auditor of Accounts on forms provided by the auditor, a financial report reflecting the financial transactions and condition of the sheriff's department." A copy of this report shall be submitted to the side judges of the county at the time it is furnished to the Auditor of Accounts.

The annual reports to be filed with the Auditor of Accounts must substantially follow the format outlined in Appendix G. These reports must be submitted to the Auditor of Accounts on or before September 30 following the end of each fiscal year.

Biennially, according to a schedule established by the Auditor of Accounts, each sheriff shall retain a public accountant selected by the sheriff and the assistant judges to conduct an audit of the financial systems, controls, and procedures within the department. The public accountant shall prepare a written report detailing the review of the department. A copy of this report shall be forwarded to the assistant judges and the Auditor of Accounts. The cost of this report shall be paid by the secretary of administration and the sheriff's department, in equal amounts (24 VSA 290b(e)).

## SECTION II

### CHART AND EXPLANATION OF ACCOUNTS

#### INTRODUCTION

A chart of accounts is a classification of transactions, with assigned numerical symbols, used for collecting and recording financial data.

Because of substantial variations in the scope of activities engaged in by the various sheriffs' departments, the account classifications required by one department are not likely to be the same as those required by any other department. Therefore, the chart of accounts prescribed in this manual is a master classification from which accounts are to be selected for each department as needed. A department should adopt only the classifications that correspond with its activities.

To maintain the desired uniformity, no department shall change the classifications assigned herein. Blocks of unused numbers have been provided to meet particular unanticipated needs. However, it may be necessary to modify the numbering system to meet the requirements of certain computer software. Such modification or the assignment of classifications or titles to the unused numbers shall be made only with the prior approval of the Auditor of Accounts.

Following is the general classification scheme and definitions of account classes:

	Account Number <u>Series</u>
<u>ASSETS</u> - Assets will be classified by type, in order of the time in which they will be converted to cash available for current operations, or consumed in the operating cycle.	10000
<u>LIABILITIES</u> - Liabilities will be classified by type, in order of the time in which they must be settled by a transfer of assets (cash payment or otherwise).	20000
<u>EQUITY AND OTHER CREDITS</u> - Equity items will be classified by source.	30000
<u>REVENUES/CASH RECEIPTS</u> - Revenues (increases in assets) and cash receipts will be classified by source.	40000
<u>EXPENSES/CASH DISBURSEMENTS</u> - Expenses/cash disbursements will be classified by 'Activity' and 'Object'.	50000

An "activity" classification is a grouping of expenses on the basis of specific lines of work performed.

(Ex.: contract services, process service, etc.). An 'object' classification is a grouping of expenses on the basis of the nature of the goods or services purchased (ex.: personal services, supplies, etc.).

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<u>10000 Series</u>	<u>ASSETS</u>
10001 to 10009	Petty cash accounts
10010 to 10039	Cash in bank - checking accounts
10040 to 10049	Cash in bank - unrestricted savings
11000 to 11999	Investments accounts - unrestricted
12000 to 12999	Accounts Receivable (separate control accounts for each subsidiary billing/receivable system)
13000 series	Allowance for Doubtful Accounts (separate account related to each receivable control)
14000 to 14019	Due from Other Governments (for use in cases where other governments provide subsidies for operations - i.e., County Support)
14030 to 14049	Accrued Interest Receivable on Investments
15000 to 15010	Inventory of Supplies and Materials
15050 to 15099	Prepaid Expenses and Deferred Charges
16000 series	Property and Equipment
16001	Land
16005	Building
16007	Allowance for Depreciation - Building
16010 to 16029	Equipment
16030	Allowance for Depreciation - Equipment
16040 to 16049	Vehicles
16050	Allowance for Depreciation - Vehicles
19000 series	Restricted Assets (separate account for each category of assets where use is restricted to a specific purpose and is not available for payment of current operating costs or obligations)

Explanation of Accounts:

Assets

10001 to 10039	<u>Petty cash and cash in checking accounts:</u> Money - currency, coins, checks, money orders, or bankers' drafts - on hand awaiting deposit or on deposit with an official or with an agent designated as custodian of cash and bank account deposits. A separate account should be established for each bank account or location where the sheriff's department maintains cash funds.
10040 to 10049	<u>Cash in bank - unrestricted savings:</u> Money on deposit in an interest-bearing account.
11000 to 11999	<u>Investment accounts - unrestricted:</u> Securities and real estate held for the production of income in the form of interest, dividends, rentals, and lease payments. The term does not include fixed assets used in governmental operations.
12000 to 12999	<u>Accounts Receivable:</u> Amounts owed to the sheriff's department on open accounts or contracts from other governmental units, persons or firms (but excluding grants from other

governmental units) for goods or services furnished but not yet paid. This may include amounts of unbilled services at year-end.

13000 series

Allowance for Doubtful Accounts:

The amount of accounts receivable which is estimated to be uncollectible. This account is shown on the balance sheet directly below and deducted from accounts receivable to determine the net amount of accounts receivable.

14000 to 14019

Due from Other Governments:

Amounts due from federal, state, county or local governments for goods or services performed on grants awarded but not yet paid. This may include amounts of unbilled services at year-end.

14030 to 14049

Accrued Interest Receivable on Investments:

The amount of interest earned on investments at the balance sheet date, but not yet received, exclusive of interest purchased.

15000 to 15010

Inventory of Supplies and Materials:

The cost of supplies and materials on hand.

15050 to 15099

Prepaid Expenses and Deferred Charges:

An asset account reflecting charges entered in the accounts for benefits not yet received. Prepaid items differ from deferred charges in that they are spread over a shorter period of time than deferred charges and are regularly recurring costs of operations. Examples of prepaid items are prepaid rent, prepaid interest, and unexpired insurance premiums. An example of a deferred charge is unamortized discounts on bonds sold.

16001

Land:

A fixed asset account which reflects the acquisition value of land owned by a sheriff's department. If land is purchased, this account includes the purchase price and costs such as legal fees, filling and excavation costs, and the like which are incurred to put the land in condition for its intended use. If land is acquired by gift, the account reflects its appraised value at time of acquisition, plus the costs to put the land in condition for its intended use.

16005

Building:

A fixed asset account which reflects the acquisition value of permanent structures, and subsequent improvements thereto, used to house persons and property owned by the sheriff's department. If buildings, and subsequent improvements thereto, are purchased or constructed, this account includes the purchase or contract price of all such buildings and improvements and also fixtures attached to and forming a permanent part of such buildings. If buildings are acquired by gift, the account reflects their appraised value at time of acquisition.

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16007	<u>Allowance for Depreciation - Building:</u> The accumulation of periodic credits made to record the expiration in the service life of buildings, which is attributable to wear and tear through use and lapse of time, obsolescence, inadequacy, or other physical or functional cause. (Refer to Appendix B for guidance on fixed asset accounting.)
16010 to 16029	<u>Equipment:</u>
16040 to 16049	<u>Vehicles:</u> Tangible property of a more or less permanent nature, other than land, buildings, or improvements thereto, which is useful in carrying on operations. Examples are weapons, machinery, tools, trucks, cars, furniture, and furnishings.
16030 & 16050	<u>Allowance for Depreciation - Equipment and Vehicles:</u> An account which is of the same nature and is used in the same manner as the account Allowance for Depreciation - Building.
19000 series	<u>Restricted Assets:</u> Monies or other resources, the use of which is restricted by legal or contractual requirements.
20000 Series	<u>LIABILITIES</u>
20001	Accounts Payable
20050	Due to State of Vermont
20100	Accrued interest payable
20110	Accrued wages payable
20120	Federal income taxes withholding payable
20125	Social Security taxes withholding payable
20126	Social Security taxes payable (employer's share)
20130	Medicare taxes withholding payable
20131	Medicare taxes payable (employer's share)
20135	Vermont state income taxes withholding payable
20136	Unemployment compensation payable
20140 to 20149	Other payroll withholdings payable
20160	Compensated absences payable (vacation, sick leave, etc.)
20199	Current portion of notes and capital leases payable (for financial statement purposes only)
22000 series	Deferred Revenue Accounts (Assign individual accounts to be used as contra accounts offsetting receivables during the year.) (Other accounts to be used to account for funds received in advance of the performance of service.)
23000 series	Notes and Capital Leases Payable (Assign individual accounts for each obligation.)

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Explanation of Accounts:

Liabilities

20001	<u>Accounts payable:</u> Liabilities on open account owing to private persons, firms, or corporations for goods and services received by a sheriff's department. Amounts due to the State of Vermont are accounted for in account 20050.
20050	<u>Due to State of Vermont:</u> Title 32 VSA, Section 1591(I)(E) states; "Quarterly, 15 Percent of the gross civil process fees received by a sheriff's department during that quarter shall be forwarded to the state treasurer for deposit in the state's general fund." This account records the amount owed to the state under the statute, and any other amounts due to the State.
20100	<u>Accrued interest payable:</u> Interest accrued at the balance sheet date but which is not due and payable until a later date.
20110	<u>Accrued wages payable:</u> Wages earned by employees between the last payment date and the balance sheet date but which are not yet due.
20120 to 20149	<u>Accrued and/or withheld payroll items payable:</u> A liability for payroll taxes, insurance, or other deductions that have been withheld or accrued, which is not yet due and payable.
20160	<u>Compensated absences payable:</u> A liability for vacation, sick leave or other compensated absences which is payable in cash on termination of employment.
20199	<u>Current portion of notes and capital leases payable:</u> For financial statement purposes only representing the amounts payable within the next year.
22000 series	<u>Deferred Revenue Accounts:</u> Assign individual accounts to be used as contra accounts offsetting receivables during the year. (Other accounts to be used to account for funds received in advance of the performance of service.)
23000 series	<u>Notes and Capital Loans Payable:</u> (assign individual accounts for each obligation.) Obligations for borrowings evidenced by formal notes payable and for leases that transfer substantially all of the benefits and risks of ownership of an asset to the lessee.
30000 Series	<u>EQUITY AND OTHER CREDITS</u>
30001 to 30019	Contributed Capital (Assign accounts as needed.)
30020	Retained Earnings



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Explanation of Accounts:

Equity And Other Credits

30001 to 30019	<u>Contributed Capital:</u> Capital contributions from sources such as federal, state or local governments or private sources.
30020	<u>Retained Earnings:</u> An account that represents the accumulated earnings of the entity that have been retained for use by the entity and are not reserved for any specific purpose.
40000 Series	<u>REVENUES/RECEIPTS</u>
41000	<u>Charges for Services:</u>
41100	Contracted Services - Governmental Agencies
41200	Contracted Services - Private Entities
41300	Process Service
41400	Transporting Prisoners and Mental Patients
41500	Accident Reports
41600	
41900	Other
42000	<u>Jail Revenue:</u>
42100	Board and Lodging Allowance
42200	
42900	Other
43000	<u>Federal or State Grants</u>
44000	<u>Miscellaneous Receipts:</u>
44100	Interest Earnings
44200	Contributions and Donations
44300	Sales of Equipment, Materials and Supplies
44400 )	
44900 )	Other

Explanation of Accounts:

Charges for Services

41100	<u>Contracted Services - Governmental Agencies:</u> Payments received for services rendered under formal written contracts with governmental entities. Contracted services are those defined under 24 VSA 291a, and include services to governmental agencies classified as Special Detail Services in the 1978 edition of this manual. Process service, transportation services provided to State agencies and jail services are classified separately. Individual accounts may be assigned to account for types or sources of contracts (i.e., 41110).
41200	<u>Contracted Services - Private Entities:</u> Payments received for services rendered under formal written contracts with non-governmental agencies. Contracted services are those defined under 24 VSA 291a, and include services to private entities classified as Special Detail Services in the 1978 edition of this manual. Process service, transportation services provided to State agencies and jail services are classified separately. Individual accounts may be assigned to account for types or sources of contracts (i.e., 41210).

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FOR THE COUNTY SHERIFF DEPARTMENTS

41300	<u>Process Service:</u> Payments received by the department for services provided in the serving of processes as provided by 32 VSA 1591(1).
41400	<u>Transporting Prisoners and Mental Patients:</u> Payments received directly by the department for services provided in transporting prisoners and patients as provided by 32, VSA 1591(2).
41500	<u>Accident Reports:</u> Payments received for fees charged for providing copies of accident reports to interested parties.
42000	<u>Jail Revenue:</u> All department revenue for the board and lodging of prisoners as provided by 32, VSA 1591(2).
43000	<u>Federal or State Grants:</u> Grants received from Federal or State sources. Separate accounts should be established to reflect the activity of each grant.
44100	<u>Interest Earnings:</u> Earnings on department funds deposited in interest bearing accounts and service charges on overdue accounts receivable.
44200	<u>Contributions and Donation:</u> All sums received in cash by the department from private individuals or organizations for which no repayment or special service to the contributor is expected.
44300	<u>Sale of Equipment, Materials and Supplies:</u> All gains and losses on the sale of department property.

50000 Series                      EXPENSES/DISBURSEMENTS

Activity Classification of Disbursements:

Account Numbers and Titles:

Direct Services:

- 51000 Contracted Services
- 52000 Process Service
- 53000 Process Service - 15% State share
- 54000 Jail Services

Support Services:

- 55000 Administration and General
- 56000 Communications Services
- 57000 Automotive Services
- 58000 Transporting Prisoners
- 59000 Various Grant Services

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Explanation of Accounts:

51000	<u>Contracted Services:</u> Direct expenditures by departments related to the performance of services under formal contract provisions, the revenue from which is accounted for in accounts 41100 and 41200.
52000	<u>Process Service:</u> Payments by departments to sheriffs and deputy sheriffs for their fees and related expense reimbursements related to the serving of processes under the provisions of Title 32, VSA, Sec 1591.
53000	<u>Process Service - 15% State share:</u> Payments to the State of 15% of gross civil process fees as required by 32 VSA 1591(1)(E).
54000	<u>Jail Services:</u> Direct expenditures by departments for the maintenance and operation of a jail and for the care of prisoners therein.
55000	<u>Administration and General:</u> Direct department expenditures for all items of expense related to the over-all general operations of the department, including such items as clerical and accounting services, general office supplies and other office expenses, utilities, etc.
56000	<u>Communications Services:</u> Direct department expenditures for personal services costs related to dispatching and other communications activities and for costs of acquisition and maintenance of communications equipment.
57000	<u>Automotive Services:</u> Direct department expenditures for acquiring, maintaining and servicing police vehicles. Also charged are expenditures for equipping police vehicles with special equipment such as lights, gun mounts, decals, etc.

Object Classification of Disbursements

Account Numbers and Titles:

100	<u>Personal Services:</u>
101-149	<u>Salaries and Wages:</u>
101	Deputy Sheriffs
102	Clerical
103	Dispatchers
104	Janitorial
105-149	Additional classes as needed
150-169	<u>Fees for Service:</u>
150	Sheriffs
160	Deputy Sheriffs

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170-199	<u>Fringe Benefits:</u>
170	Social Security-employer's share
171	Medicare tax-employer's share
175	Unemployment compensation contributions
180	Hospitalization insurance
183	Workers Compensation
185	Disability insurance
190	Life Insurance
195	Pension Contribution
200-299	<u>Supplies, Materials and Parts:</u>
210	Educational Supplies
220	Food
230	Household Supplies
240	Communications Supplies
250	Office Supplies
260	Vehicle Supplies and Parts
270-290	Additional Classes as needed
300-499	<u>Purchased Services:</u>
310	Professional Services
320	Dues and Subscriptions
330	Training and Educational
340	Insurance and Bonds
350	Postage
360	Printing and Duplicating
370	Rentals
380	Repairs and Maintenance
390	Telephone
400	Travel Expense - Auto Mileage
410	Travel Expense - Other Transportation
420	Travel Expense - Meals and Lodging
430	Travel Expense - Other
440	Utilities
450-490	Additional classes as needed
500-599	<u>Depreciation:</u>
510	Equipment
520	Vehicles
530	Building
600-690	<u>Debt Service:</u>
610	Interest Payments
700-790	<u>Other Expenditures</u>
710	Bad Debts

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Explanation of Accounts:

- 101-149 Personal Services - Salaries and Wages:  
Salary and wage payments from department funds to persons employed by the department, including full-time and part-time employees.
- 150-169 Personal Services - Fees for Services:  
Compensation paid from department funds to the sheriff and deputy sheriffs, representing fees for services performed as established by statute.
- 170-199 Personal Services - Fringe Benefits:  
Employee benefits paid from department funds for persons employed by the department including employer contributions for social security, insurance and similar benefits.
- 210 Educational Supplies:  
Includes materials for use in educational and training programs for department personnel (books, films, etc.).
- 220 Food:  
Includes all classes of food purchased from department funds for consumption by prisoners lodged in jails.
- 230 Household Supplies:  
Includes supplies used for general housekeeping in department offices and jails (cleaning supplies, linen, towels and bedding supplies; janitorial supplies, etc.)
- 240 Communications Supplies:  
Includes all items of supplies used in the operation of dispatching and other communications services (record forms, small repair parts, etc.)
- 250 Office Supplies:  
Includes all classes of supplies and minor equipment items used for the general operation and administration of the department office (letterheads, envelopes, pencils, office machine ribbons, pencil sharpeners, etc.).
- 260 Vehicle Supplies and Parts:  
Includes parts and supplies purchased by the department for operation of department-owned vehicles, or for operation of county-owned vehicles for which the department pays the costs of operation (fuel, batteries, lights, tires, etc.)
- 310 Professional Services:  
Payments for the services of outside professional help such as accountants, consultants and lawyers.
- 320 Dues and Subscriptions:  
Includes department payments for membership dues in professional organizations as well as subscriptions to periodicals, newspapers, and professional literature.
- 330 Training and Educational:  
Includes expenditures for tuition, textbooks, correspondence courses, etc. for training and education of department employees.

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- 340     Insurance and Bonds:  
Insurance and fidelity bond premiums other than those related to employee benefits, including the cost of the Sheriff's bond required by 24 VSA 291.
- 350     Postage:  
Includes cost of stamps, postage meter expense, postal registration fees and insurance fees, post office box rental, parcel post charges, etc.
- 360     Printing and Duplicating:  
Includes expenditures for printing, binding and mimeographing reports and forms.
- 370     Rentals:  
Payments to others for the use of real and personal property such as rent of buildings, offices, equipment, garages, motor vehicles, etc.
- 380     Repairs and Maintenance:  
Expenditures for repairs to and maintenance of buildings, motor vehicles, office equipment, communications equipment, and the purchase of small tools and equipment with an individual cost of under \$100. Also included are maintenance contracts on equipment.
- 390     Telephone:  
Includes all expenditures for telephone service including installation and moving costs and toll charges.
- 400-430 Travel Expense:  
Payments from department funds for expenses incurred in official travel of department personnel. Includes mileage for use of personal vehicles, other transportation expense, meals and lodging, etc.
- 440     Utilities:  
Cost of services for electricity, water, etc.
- 500-599 Depreciation:  
This account is used to record the current year loss of usefulness of an asset attributable to wear and tear through use and lapse of time, obsolescence, inadequacy or other physical or functional cause. See Allowance for Depreciation in the asset section.
- 600-699 Debt Service:  
Expenditures for interest on debt.
- 700     Other:  
Additional expenditures accounts that cannot be categorized under the previous headings.

UNIFORM ACCOUNTING MANUAL  
FOR THE  
COUNTY SHERIFF DEPARTMENTS  
SECTION III  
RECOMMENDED ACCOUNTING PROCEDURES

1. CASH

A. Petty Cash System

Each sheriff's department may maintain a petty cash system. This petty cash system would enable small expenditures for office supplies without the need for writing a check. A set amount of cash, for example \$50, would be set aside in a separate fund in the office. Responsibility must be assigned to one person (custodian). When money is used for a small expenditure, any invoices and a voucher for the expenditure is retained. The total of cash and invoices or vouchers supporting expenditures should equal the set amount of the fund at all times. When the balance of the cash in the fund is sufficiently reduced, the custodian would summarize the expenditures from the fund and turn over the summary, with vouchers and invoices attached, to the person responsible for writing checks. A check would be made out to the order of the custodian and cashed to replenish the fund to its \$50 balance. In the cash disbursements journal, this check would be allocated to the various expense accounts for which the expenditures were made.

B. Cash Receipts

Pre-numbered cash receipts should be used for payments received in the local sheriff's department. A completed receipt would be issued to the payer with a copy to be retained by the department.

The mail should be opened by persons having no access to the accounts receivable records, and a listing of all receipts prepared. The listing should be retained by the person opening the mail. The daily receipts would then be turned over to the bookkeeper for recording in the cash receipts journal, listed on the bank deposit slip and deposited into the checking account. AR receipts should be deposited into the checking account. All receipts should be deposited daily. The deposit should agree with the list of receipts prepared by the person opening the mail.

C. Purchase Order System

Each sheriff's department shall use a purchase order system. A purchase order form will be created and used by each employee of the sheriff's department. When an employee wishes to acquire a piece of equipment or a service for the department, a purchase order shall be filled out by the employee explaining the purchase or service and the cost. Before the expenditure could be incurred, the purchase order needs to be approved in writing by the sheriff or his designee. Purchase orders must be sequentially pre-numbered and the numbers accounted for and entered into the purchase order journal. A copy should be given to the vendor at the time of purchase or order.

D. Cash Disbursements

All disbursements (including payroll), except petty cash, shall be made by pre-numbered checks used in sequence. The sheriff shall maintain control over unused checks. An employee designated by the sheriff should prepare checks for signature from information on invoices to be paid. Checks should

be recorded in the cash disbursements journal as prepared. Checks should never be written to cash. The sheriff's department may want to consider using a check protector. All support information should accompany the check when presented for signature to the sheriff's designated authorized check signer. Signing blank checks should be forbidden.

E. Bank Reconciliations

Bank accounts shall be reconciled promptly each month. The sheriff should designate an employee other than the employee authorized to sign checks to be the bank reconciler. During reconciliation, the bank reconciler should account for the sequence of check numbers, examine canceled checks for authorized signatures, irregular endorsements and for alterations. Another responsible official should review the completed bank reconciliation. The completed bank reconciliation should be initialed and dated by both the person preparing the reconciliation and the person who reviewed it. All old outstanding checks should be periodically investigated and payments stopped when appropriate.

2. ACCOUNTS RECEIVABLE

A. Advances (Retainers)

Each sheriff's department should consider the advisability of receiving advances or retainers for certain types of services, such as providing traffic duty for construction companies. These advances are retainers which create working capital with which to pay current expenses, as well as reduce the risk of bad debts.

B. Late Charges or Interest

Each sheriff's department should consider charging interest on accounts receivable over 30 days. This would increase revenue, as well as provide quicker payment on accounts receivable. Invoices should carry the notification of the interest charges.

C. Recording Accounts Receivable in General Ledger

Accounts receivable should be recorded in a control account in the general ledger. Generally this should be done at least monthly. The information should be taken from the billing journal with a debit to accounts receivable and a credit to deferred revenue. If the accounting system defaults credit posting to revenue, then a journal entry will be necessary to remove the entry from revenue and credit deferred revenue (ex.: debit revenue accounts and credit deferred revenue).

D. Recording Cash Receipts

Generally, recording cash receipts requires two entries. Recommended entries in the cash receipts journal are a debit to cash and credit to the various revenue accounts whenever cash is received. The second entry is a debit to deferred revenue and a credit to the accounts receivable account on a monthly basis for the total of accounts receivable collected.

E. Authorization for Write-off and Recording of Bad Debts

The accounts receivable system for the sheriff's department should contain provision for write-off of uncollectible accounts. Efforts should be made to collect all accounts, but when it appears that there is no longer any hope of collecting an account, it should be removed from the accounts receivable system. The sheriff, or his appointed designee, shall be the only individuals authorized to write-off a bad debt after a monthly review of the list of accounts receivable. Records of bad debts written off shall be retained. Credit balances in accounts receivable should be investigated.



F. Policy Regarding Amounts Under \$1

Accounts receivable with debit or credit balances of \$1 or less may be written off without any efforts to collect any further receivable or to refund any overpayment. Invoices should carry the notification that amounts of less than \$1 will not be refunded.

G. Allowance for Bad Debts

In addition to the bad debts written off under 'E' above, the sheriff shall review the list of accounts receivable at year-end and estimate an amount that may become uncollectible. The entry to record this in the general ledger is a debit to bad debts and a credit to the allowance for doubtful accounts.

3. ACCOUNTS PAYABLE

Each sheriff's department bookkeeping system should be adequate to provide a listing of accounts payable for goods or services at the end of each year. This list of accounts payable should include each payee's name and purchase order number, as well as amounts and the expense categories to which it is to be allocated.

4. ACCRUED EXPENSES

Each sheriff's department should have procedures in its accounting system to identify accrued expenses at year-end. These accrued expenses would include amounts payable for interest, payroll taxes, and other amounts payable to state government, accrued wages, compensated absences payable, etc.

5. PERSONNEL ISSUES

A. Employment

The sheriff shall be responsible for the hiring of new personnel. The sheriff should investigate the new employees by checking the employee's background, former employers and references. Personnel files shall be maintained containing information on the employment application and new employee investigation, date employed, pay rates, changes in pay rates and position, authorization for payroll deductions, earnings records, W-4 form, I-9 form, specimen signatures, and termination data where appropriate. Written termination notices are required that properly document the reasons for termination and require approval of the sheriff.

B. Compensation

All employees shall be compensated for services provided at the next regular pay period. The pay shall be computed based on the activity logs or timesheets prepared by the employees and approved by the sheriff.

C. Cross Training and Enforced Vacations

Every function performed by clerical employees in the sheriff's department should have at least two people in the sheriff's department familiar with the procedures. Each employee is also encouraged to take their vacations annually. Other personnel in the office shall perform their functions during their absence.

### FIXED ASSETS AND DEPRECIATION

The general rule for recording fixed assets under this uniform system is to record them at cost. Cost, in this instance, includes not only the purchase price or construction cost of a particular asset, but also ancillary charges necessary to place the asset in its intended state of operation. Such charges are to include freight and transportation charges, site preparation expenses, professional fees, and legal claims directly attributable to the asset acquisition.

Initial costs of fixed assets are readily ascertainable from contracts, purchase vouchers and other transaction documents involved at the time of acquisition or construction. The Department may, however, be faced with the task of setting up accounting records and account values for fixed assets if it has operated for many years without a formal system of fixed asset accounting. In situations such as these, the original purchase documents may not be available, or they may be in such a state as to require an inordinate expenditure of resources to establish exact original asset costs. It is therefore necessary to estimate or appraise the original cost of such assets on the basis of such documentary evidence as may be available, including price levels at time of acquisition, and to record the estimated values, estimated salvage value and depreciation accumulated to date based on estimated life in appropriate fixed asset accounts. This practice may introduce some margin of error in the fixed asset accounts as compared with proper recording at time of acquisition; however, such errors will have only short-run significance because, as older assets are retired and replaced, estimated values are replaced by properly recorded cost figures in the accounting records.

Depreciation, which is the allocation of the cost of an asset over its estimated useful life, will be provided using the straight line method. For example, under that method, depreciation on a piece of equipment with an estimated useful life of five years would be calculated as 20% (1/5) of the original cost for each twelve-month period of use. Other methods, such as a mileage method for vehicles, are allowable.

## SAMPLE PURCHASING POLICY

### I. POLICY OBJECTIVES

The primary objectives of the County Sheriffs Department purchasing policy are as follows:

1. To promote and effect, in the best interest of the County Sheriffs Department, open and intelligent purchasing of supplies, equipment and services, which will result in the maximum value received for each dollar spent.
2. To assure realization of the principles of competitive purchasing and best buy at least cost.
3. To assist management in reaching responsible, cost-effective decisions in the procurement of quality supplies and services for Department use.
4. To insure that all vendors will have an equal opportunity to do business with the County Sheriff's Department and promote good will and clear communication in Department/vendor relations.

### II. DEFINITIONS

1. Major Purchases: Those purchases calling for delivery of goods or services in an amount greater than \$9,999.99.
2. Regular Purchases: Those purchases calling for delivery of goods or services in the amount of \$500.00 to \$9,999.99.
3. Incidental Purchases: Those purchases calling for delivery of goods or services of less than \$500.00.

### III. PROCEDURES

1. Major purchases shall require a formal bid process. The Sheriff, or designee, shall act as Purchasing Agent for major purchases. The Purchasing Agent shall prepare, or cause to be prepared, specifications or a request for proposal for the article or services required, and shall advertise an Invitation to Bid at least once in a newspaper of general circulation in the County. The Invitation to Bid shall include the following:
  - a. The location, time and place for receiving and opening of sealed bids.
  - b. Information on how to obtain bid specifications and bid forms, or the request for proposal.
  - c. A description of the supplies, materials, equipment or services for which bids are to be received.
  - d. The right of the County Sheriffs Department to reject any or all bids if such action is deemed in the best interest of the Department.

Such bids shall be publicly opened not less than ten (10) days following the date of the first advertisement at the time and place specified in the published notice. Contracts for major purchases shall be awarded by the Sheriff.

2. Regular purchases must be accomplished through competitive solicitation, but not necessarily through formal bids. The Sheriff, or his designee, shall act as Purchasing Agent for regular purchases.

Regular purchases may be made through formal bid or written or verbal quotation at the discretion of the Purchasing Agent in consultation with the department head for whose department the purchase is being made. Bids or quotations should be sought from at least three vendors unless a sole source is approved as per Section IV below.

3. Incidental purchases may be accomplished without the solicitation of bids or quotations. However, if practicable, quotations should be solicited. The Sheriff, or his designee, shall act as Purchasing Agent for incidental purchases. The purchase may then be completed in a manner consistent with procedures adopted by the Sheriff.

#### IV. VENDOR SELECTION

Vendors shall be selected on a competitive basis. Purchases shall be awarded to the lowest, best qualified and responsible vendor. Any or all bids, quotations or proposals may be rejected if such action is deemed to be in the best interest of the Department. In determining the "lowest, best qualified and responsible vendor," in addition to price, the following may be considered:

1. The substantial performance of the bidder in meeting the specifications and other terms and conditions of the solicitation.
2. The ability, capacity and skill of the vendor to perform the contract or provide the material or service required, and to do so promptly or within the time specified.
3. The character, integrity, reputation, experience, financial resources and performance under previous contracts of the vendor.
4. The quality, availability and adaptability of the service or product being purchased and the ability of the vendor to provide future maintenance if necessary.
5. All other things being equal, the award shall be given to a local vendor.

#### V. EXCEPTIONS

Waiver of Bids - The Sheriff may waive the bid process or approve a sole source solicitation for major purchases when he deems it to be in the best interests of the Department. The Sheriff may do likewise for regular purchases. Sole source solicitations should be reviewed to determine that the price offered is fair and reasonable or that there is only one manufacturer/supplier of the item to be purchased.

#### VI. EMERGENCY CLAUSE

This policy may be waived in the event of an emergency. An emergency situation shall be defined as one which threatens:

1. the lives or health of the people,
2. the property of the County or its citizens, or
3. the delivery of necessary services to the citizens of the County.

During emergency situations, when normal procurement procedures would be impracticable, the following procedures shall be followed:

The Sheriff shall approve all requests for emergency purchases.

In the event that the Sheriff is unavailable, the Sheriff's designee or the appropriate department head may approve essential purchases.

It must be emphasized that emergency purchases are costly. They are made hurriedly, usually on a non-competitive basis, and often not at the best price. Every effort should be made to avoid them.

STATE OF VERMONT  
COUNTY SHERIFFS  
STANDARDS FOR CONTRACTS

CONTRACTS WITH TOWNS

(Source: 24 VSA 291a(a) and (b)).

Contracts between the sheriff's department and a town shall be valid if approved by the sheriff and by a majority of the selectmen of the town provided that funding has been approved by a duly warned annual or special town meeting.

A contract made with a town to provide law enforcement or related services shall contain provisions governing the following subjects as best suit the needs of the parties:

1. The services to be provided, including the state statutes, or town ordinances or both, which are to be enforced;
2. Rates of compensation, allocation of expenses, total cost of contract and methods of payment therefore;
3. Ownership of any property acquired under the contract in event of termination of the contract;
4. The type, frequency and information to be contained in reports submitted by the sheriff's department to the town;
5. Methods adopted to resolve disputes;
6. The term of the contract shall specify the commencement and termination date of the services to be provided and provisions for renewal thereof; and
7. Such other items, not inconsistent with law, as may be agreed upon.

SHERIFF'S COMPENSATION FOR CONTRACT ADMINISTRATION

1. A sheriff may receive compensation for the administration of sheriff's department contracts as set forth in 24 V.S.A. §291a(c). In order to qualify for the payment of such a fee, the contract must be in writing, specify the rate or method of calculation for the compensation and contain a schedule of payment.
2. Compensation for administration of a contract by a sheriff shall not exceed five percent of the contract.
3. The sheriff shall not receive payment for administration of a contract until the department receives the revenue from the contract.
4. Contract administration fees shall only be received by the sheriff within the same calendar year as the revenue is received.

MONTHLY PROCEDURES CHECKLIST

1. Cash Accounts

Bank accounts shall be reconciled to the monthly bank statement received from the bank. The general ledger balance shown shall agree with the reconciled cash balance. Any interest earned or service charges incurred shall be recorded monthly. Checks not honored by the bank such as post-dated checks, disputed items, NSF checks and similar items should be investigated and properly recorded.

2. Accounts Receivable

The general ledger balance in accounts receivable shall equal the balance shown by the subsidiary accounts receivable system. Adjustments should be made for any applicable bad debts.

3. Grants Receivable

The general ledger balance shall equal the total of the amount of individual grants receivable.

4. Payroll Taxes

The general ledger balances for payroll items payable at the end of the month shall agree with the balances shown by the payroll system.

5. Reports

All reports due to the State have been prepared and are consistent with the amounts shown on the general ledger.

6. Property and Equipment

The subsidiary listing of property and equipment shall equal the balances shown on the general ledger.



VERMONT COUNTY SHERIFF'S ACCOUNTING SYSTEM  
AUDITING STANDARDS

Audits required by 24 VSA 290b(c) or (e) shall be performed in accordance with Government Auditing Standards issued by the Controller General of the United States as they apply to financial audits.

Reporting Standards for Financial Audits are as follows:

A. Relationship to AICPA Standards

1. The standards of reporting for government financial audits incorporate the AICPA standards of reporting for financial audits, and prescribes supplemental standards of reporting needed to satisfy the unique needs of government financial audits.
2. The reporting standards of the AICPA and the supplemental standards in chapter 5 of the Government Auditing Standards apply to both financial statement audits and financial related audits.

B. Supplemental reporting standards for government financial audits are:

1. Statement on Auditing Standards: A statement should be included in the auditors' report that the audit was made in accordance with generally accepted government auditing standards. (AICPA standards require that public accountants state that the audit was made in accordance with generally accepted auditing standards. In conducting government audits, public accountants should also state that their audit was conducted in accordance with the standards set forth in chapters 3, 4, and 5 of the Government Auditing Standards.)
2. Report on Compliance: The auditors should prepare a written report on their tests of compliance with applicable laws and regulations. This report, which may be included in either the report on the financial audit or a separate report, should contain a statement of positive assurance on those items which were tested for compliance and negative assurance on those items not tested. It should include all material instances of noncompliance, and all instances or indications of illegal acts which could result in criminal prosecution.
3. Report on Internal Controls: The auditors should prepare a written report on their understanding of the entity's internal control structure and the assessment of control risk made as part of a financial statement audit, or a financial related audit. This report may be included in either the auditor's report on the financial audit or a separate report. The auditor's report should include as a minimum: (a) the scope of the auditor's work in obtaining an understanding of the internal control structure and in assessing the control risk, (b) the entity's significant internal controls or control structure including the controls established to ensure compliance with laws and regulations that have a material impact on the financial statements and the results of the financial related audit, and (c) the reportable conditions, including the identification of material weaknesses, identified as a result of the auditors work in understanding and assessing the control risk.
4. Reporting on Financial Related Audits: Written audit reports are to be prepared giving the results of each financial related audit.

5. Privileged and Confidential Information: If certain information is prohibited from general disclosure, the report should state the nature of the information omitted and the requirement that makes the omission necessary.
6. Report Distribution: Written audit reports are to be submitted by the audit organization to the appropriate officials of the organization audited and to the appropriate officials of the organizations requiring or arranging for the audits, including external funding organizations, unless legal restrictions, ethical considerations, or other arrangements prevent it. Copies of the reports should also be sent to other officials who have legal oversight authority or who may be responsible for taking action and to others authorized to receive such reports. Unless restricted by law or regulation, copies should be made available for public inspection.

# CHECKLIST FOR UAM POLICIES AND PROCEDURES

This self-assessment checklist has been compiled to assist county sheriffs to assess their office's internal control environment for accounting and financial reporting, to provide guidance in implementing controls where weaknesses are perceived and for compliance with the Uniform Accounting Manual for County Sheriff Departments, as designed by the Vermont State Auditor's Office. Your office's system of internal controls includes all of the policies and procedures needed to provide reasonable assurance that your financial information is reliable, that operations within the office are effective and secure, and that you are complying with applicable laws and regulations.

Proceed through the questionnaire, and circle "Y" (Yes) or "N" (No) in response to each question. Please note that UAM refers to the Uniform Accounting Manual for County Sheriff Departments.

After completing the questionnaire, scan down your answers in the "Response" column, noting whether they are aligned to the left or right side of the column. The questions that you have been able to answer on the left side indicate the internal control is in place. Your answers on the right side indicate an internal control weakness. This checklist should give you a good indicator of the number and type of internal controls that might need attention in your operation.

Please give your auditor or the Vermont State Auditor's Office (802-828-2281) a call if you need assistance.

## GENERAL:

		Response	Comments
1.	Does the Department have an organizational chart defining the activities and persons responsible for them and written statements of employees' duties and responsibilities? <u>UAM Page I-5, K.</u>	Y N	
2.	Are department personnel involved in accounting functions required to take an annual vacation? <u>UAM Page I-5, K.; III-4, 5.C.</u>	Y N	
3.	Are accounting functions performed by other personnel during the vacation of primary accounting personnel? <u>UAM Page I-2, #2.; III-4, 5.C.</u>	Y N	
4.	Is other Department staff trained in the accounting functions to provide backup in the case of vacation or other absence of the primary bookkeeping employee(s)? <u>UAM Page I-2, #2.; III-4, 5.C.</u>	Y N	
5.	Is responsibility for accounting duties ever rotated among staff? <u>UAM Page I-2, #2.; III-4, 5.C.</u>	Y N	
6.	Does the Department have adequate fidelity insurance provided through position bonds or employee dishonesty coverage to ensure against losses? <u>UAM Page I-2, #2.</u>	Y N	

## MINIMUM AND NECESSARY REQUIREMENTS:

7.	Is all work performed by deputy sheriffs by virtue of their office assigned by the sheriff? <u>UAM Page I-3, A.</u>	Y N	
8.	Do all deputies maintain and periodically file an activity log or timesheet for their standard and contract work for the Department? <u>UAM Page I-3, C.</u>	Y N	
9.	Does the Sheriff review the deputy's activity log or timesheet and approve it in writing? <u>UAM Page I-3, C.</u>	Y N	
10.	Does the Department have a copy of all its contracts to provide law enforcement or other related services per 24 VSA 291a(d) (In writing if the total cost exceeds \$2,000.00 or the duration of the service exceeds 10 working days cumulatively during a calendar	Y N	

UNIFORM ACCOUNTING MANUAL  
FOR THE COUNTY SHERIFF DEPARTMENTS

	year)? <u>UAM Page I-3 D. para. 3.</u>		
11.	Are contracts numbered in accordance with the UAM, i.e., 92-01, etc? <u>UAM Page I-3, D., para. 3.</u>	Y N	
12.	Is a subsidiary record of contracts maintained, in alphabetical order, including the date of the contract and a brief description of the services to be rendered? <u>UAM Page I-3, D., para 3.</u>	Y N	
13.	Is there a control list of contracts? <u>UAM Page I-3, D. para. 3.</u>	Y N	
14.	Has the sheriff submitted to the assistant judges a report of all written contracts, categorized by the contracting party, services rendered, date of contract and amount received? <u>UAM Page I-3, D., para. 1.</u>	Y N	
15.	Are sequentially pre-numbered forms used for billings for all services and are all numbers accounted for, including spoiled or voided billing forms that must be retained? <u>UAM Page I-4, E.</u>	Y N	
16.	Do Department billings advise that all payments must be made payable to and remitted to the sheriff's department? <u>UAM Page I-4, E.</u>	Y N	
17.	Has the sheriff authorized all bank accounts and check signers and is a copy of this authorization kept on file? <u>UAM Page I-4, F.</u>	Y N	
18.	Does the Sheriff initially collect and deposit all fees and other compensation earned by deputies? <u>UAM Page I-4, G.</u>	Y N	
19.	When deputies perform services for which a specific statutory fee is provided, is that exact amount paid to them? <u>UAM Page I-4, G.</u>	Y N	
20.	Are wages paid not more than 6 days after the end of the payroll period? <u>UAM Page I-4, G.</u>	Y N	
21.	Does the sheriff maintain an earnings summary for each employee? <u>UAM Page I-4, H.</u>	Y N	
22.	Does the Department have a written procedure for all purchase contracts of \$3,000.00 or greater, and has the procedure been filed with the assistant judges? <u>UAM Page I-4, I.</u>	Y N	
23.	Does the Department maintain a support schedule for compensation paid to the sheriff for administration of a contract or related service showing: - The rate or method of calculation for the compensation according to the contract. - The payment's compliance with the five percent limit on these payments. - Verification that payment to the sheriff was made during the same calendar year in which the revenue was received by the department under the contract. <u>UAM Page III-9.</u>	Y N Y N Y N	
24.	Does the Sheriff give written approval for all disbursements and their posting as expenses? -If the responsibility is delegated to a department employee, is the delegation in writing and made part of written duties and responsibilities of the employee? <u>UAM Page I-4, J.</u>	Y N Y N	
25.	Are there formal written personnel policies for: - normal work week hours - vacation leave - sick leave	Y N Y N Y N	

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	- compensated holidays - how accumulated unpaid fringe benefits (vacation, sick leave, etc.) are handled at the time of employees' termination of employment. <u>UAM Page I-5, K.</u>	Y	N	
		Y	N	
26.	Is all property and equipment purchased or leased with department funds held in the name of the department? <u>UAM Page I-5, L.</u>	Y	N	
27.	Are invoices maintained to support the purchase or lease of property and equipment? <u>UAM Page I-5, L.</u>	Y	N	
28.	Does the Department have a policy concerning its fixed assets? <u>UAM Page I-5, L.</u>	Y	N	
29.	Is a depreciation schedule maintained of property and equipment? <u>UAM Page I-5, L.</u>	Y	N	
30.	Are the following accounting records maintained: - General Ledger? - Accounts receivable and billing system? - Cash Receipts Journal? - Cash Disbursements Journal? - Payroll Journal? - Computer back-up tapes or diskettes stored off-site from the sheriff's department, and printouts reflecting detailed transactions? <u>UAM Page I-5, #3.</u>	Y Y Y Y Y Y	N N N N N N	
31.	For the Department's petty cash system: - Is a set amount of cash maintained? - Is responsibility assigned to one person? - Is the cash balance restored with a check made out to the custodian of the petty cash fund? - Are petty cash disbursement expenses recorded in the cash disbursement journal? <u>UAM Page III-1, 1.A.</u>	Y Y Y Y	N N N N	
32.	Are pre-numbered, two-part cash receipts used for all receipts? <u>UAM Page III-1, 1. B.</u>	Y	N	
33.	Is any single individual able to a) <i>authorize</i> a transaction, b) <i>record</i> the transaction in the accounting records and c) maintain <i>custody</i> of the assets resulting from the transaction? <u>UAM Page III-1, 1.B.</u>	Y	N	
34.	Are purchase orders: - Used - Sequentially pre-numbered? - The numbers accounted for? - Approved in writing by the sheriff or designee? <u>UAM Page III-1, 1.C.</u>	Y Y Y Y	N N N N	
35.	Are: - Checks pre-numbered? - Unused checks controlled? - Are checks prohibited from being written to "Cash"? - Are checks prepared by one person and signed by another person? - Does the check signer review support information when signing a check? <u>UAM Page III-2, 1.D.</u>	Y Y Y Y Y	N N N N N	
36.	Is the employee designated to do bank reconciliations not authorized to sign checks? <u>UAM Page III-2, 1.E.</u>	Y	N	
37.	Is the bank reconciliation procedure documented?	Y	N	
38.	Are bank statements reconciled monthly, no later than 15 days from	Y	N	

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	the statement date? <u>UAM Page III-2, 1.E.</u>		
39.	Does another responsible official review the completed bank reconciliation? <u>UAM Page III-2, 1.E.</u>	Y	N
40.	Is the completed bank reconciliation initialed and dated by the person preparing the reconciliation and by the person who reviewed it? <u>UAM Page III-2, 1.E.</u>	Y	N
41.	Does the Department have written policies and procedures concerning the collection of outstanding receivables and the allowance for doubtful accounts? <u>UAM Page III-2, 2.B. &amp; III-3, E. &amp; G.</u>	Y	N
42.	Does the Department have written policies and procedures concerning authorization to write-off uncollectible accounts? <u>UAM Page III-3, E. &amp; G.</u>	Y	N
43.	Is a record retained of bad debts that are written off? <u>UAM Page III-3, E.</u>	Y	N
44.	Are credit balances in accounts receivable investigated? <u>UAM Page III-3, E.</u>	Y	N
45.	Are written procedures in place to identify accounts payable at year-end? <u>UAM Page III-4, 3.</u>	Y	N
46.	Are written procedures in place to identify accrued expenses (interest, payroll taxes, amounts payable to state government, accrued wages, compensated absences payable, etc.) at year-end? <u>UAM Page III-4, 4.</u>	Y	N
47.	Are the following records included in your personnel files: - The employment application? - Information on new employee checks (background check, former employer and reference checks)? - Date employed? - Pay rates? - Changes in pay rates and position? - Authorization for payroll deductions? - Earnings records? - W-4 form? - I-9 form? - Specimen signatures? - Termination data and written termination notices showing the sheriff's approval, where appropriate? <u>UAM Page III-4, 5.A.</u>	Y Y Y Y Y Y Y Y Y Y Y	N N N N N N N N N N N
48.	Are the following procedures performed monthly: - Reconcile Cash Accounts? - Reconcile Accounts Receivable to the detail invoices? - Reconcile Grants Receivable to the total of the amount of individual grants receivable? - Reconcile payroll withholdings to the payroll reports? - Reconcile accounts payable subsidiary ledger to actual invoices? <u>UAM Page III-10.</u>	Y Y Y Y Y	N N N N N

Reference: Uniform Accounting Manual Issued By Vermont Auditor Of Accounts - Revised: August, 2004

COUNTY SHERIFF'S DEPARTMENT  
BALANCE SHEET  
FOR THE FISCAL PERIOD ENDING JUNE 30,

ASSETS

Cash and Cash Equivalents	\$	_____
Investments, at Fair Market Value		_____
Receivables, net of allowance for uncollectible accounts of \$		_____
Due from Other Governments		_____
Accrued Interest		_____
Inventory, at cost		_____
Prepaid Expenses and Deferred Charges		_____
Fixed Assets, net of accumulated depreciation of		_____
Restricted Assets		_____
Total Assets	\$	=====

LIABILITIES and EQUITY

LIABILITIES

Accounts Payable	\$	_____
Due to State of Vermont		_____
Accrued Interest Payable		_____
Wages and Payroll Items Payable		_____
Compensated Absences Payable		_____
Deferred Revenue		_____
Deferred Compensation		_____
Notes and Other Debt Payable		_____
Total Liabilities	\$	_____

EQUITY

Contributed Capital	\$	_____
Total Retained Earnings (Deficit)		_____
Total Equity (Deficit)	\$	_____
Total Liabilities and Equity	\$	=====

See accompanying notes to financial statements

COUNTY SHERIFF'S DEPARTMENT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS  
FOR THE FISCAL PERIOD ENDING JUNE 30,

Operating Revenues	
Charges for Services	\$ _____
Jail Revenue	_____
Operating Grants and Forfeitures	_____
Miscellaneous Revenues	_____
Total Operating Revenues	\$ _____
Operating Expenses	
Contracted Services	\$ _____
Process Services	_____
Jail Services	_____
Transportation Services	_____
Administration and General	_____
Communication Services	_____
Automotive Services	_____
Grants	_____
Depreciation	_____
Total Operating Expenses	\$ _____
Operating Income (Loss)	\$ _____
Non-Operating Revenues (Expenses)	
Interest	\$ _____
Rent	
Contributions	
Sale of Equipment	
Other	
Interest and Fiscal Charges	_____
Total Non-Operating Revenues (Expenses)	\$ _____
Net Income	\$ _____
Retained Earnings, Beginning of Year	_____
Retained Earnings, End of Year	\$ _____

See accompanying notes to financial statements



COUNTY SHERIFF'S DEPARTMENT STATEMENT OF CASH FLOWS  
FOR THE FISCAL PERIOD ENDING JUNE 30,

Cash flows from operating activities:	
Cash received from customers	\$ _____
Cash received from operating grants	_____
Cash payable to suppliers for goods and services	_____
Cash payment to employees for services	_____
Other operating revenue /(expense)	_____
Net cash provided by (used for) operating activities	\$ _____
Cash flows from non-capital financing activities:	
Operating grants received	\$ _____
Operating transfers in from other funds	_____
Operating transfers out to other funds	_____
Net cash flows provided by (used for) non-capital financing activities	\$ _____
Cash flows from capital and related financing activities:	
Proceeds from loans	\$ _____
Acquisition and construction of capital assets	_____
Principal paid on loans	_____
Interest paid on loans	_____
Proceeds from the sale of equipment	_____
Insurance proceeds	_____
Net cash provided by (used for) capital and related financing activities	\$ _____
Cash flows from investing activities:	
Purchase of investment securities	\$ _____
Proceeds from the sale of investment securities	_____
Interest and dividends on investments	_____
Net cash provided by (used for) investing activities	_____
Net increase (decrease) in cash and cash equivalents	_____
Cash and Cash equivalents at beginning of year	_____
Cash and Cash equivalents at end of year	\$ _____
Reconciliation of operating income to net cash provided by operating activities:	
Operating Income (Net cash provided by operating activities)	\$ _____
Adjustments to reconcile operating income to net cash provided by (used in) operating activities	
Depreciation	\$ _____
Change in assets and liabilities	
Investments	_____
Receivables	_____
Due from other governments	_____
Inventory	_____
Prepaid expenses	_____
Contracts Payable	_____

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Accrued interest		<u>                    </u>
Other accrued expenses		<u>                    </u>
Total adjustments	\$	<u>                    </u>
Net cash provided by operating activities	\$	<u>                    </u>
See accompanying notes to financial statements		<u>                    </u>